GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:2325
ANSWERED ON:15.03.2007
SUBSIDY ON LPG
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government has finalized to continue subsidy on LPG;

(b) if so, the details thereof;

(c) the details of annual LPG subsidy burden on exchequer; and

(d) the manner in which the Government proposes to cover the gap of production and selling price of LPG?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL)

(a)&(b): Government is administering the PDS Kerosene and Domestic LPG Subsidy Scheme, 2002 through which the public sector oil marketing companies (OMCs) are being paid subsidy currently at 1/3rd level of 2002-03 at a flat rate from the Union Budget. The subsidy from Government has been frozen at the current level and is to be phased out in 2006-07. The issue of further continuation of the Scheme is under the consideration of the Government.

(c): The Government has given subsidy of Rs. 1604.77 crores on Domestic LPG during the year 2005-06.

(d): The Government has not revised the retail selling price of domestic LPG since 5.11.2004, despite increase in international price. Due to this, OMCs have incurred under-recoveries on marketing of this product. The subsidy given by the Government and OMCs on domestic LPG during 2005-06 is given below:

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LPG (Domestic)
  Per Unit Subsidy (Rs./Cyl.)
  From Govt. Budget By Oil Companies  Total
2005-06 (Provn) 22.58   152.46               175.04
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In addition, the Government has also issued Oil Bonds amounting to Rs. 11,500 crore during 2005-06 towards under recoveries suffered by OMCs on Domestic LPG and PDS Kerosene.